Phase I: Preliminary Feasibility

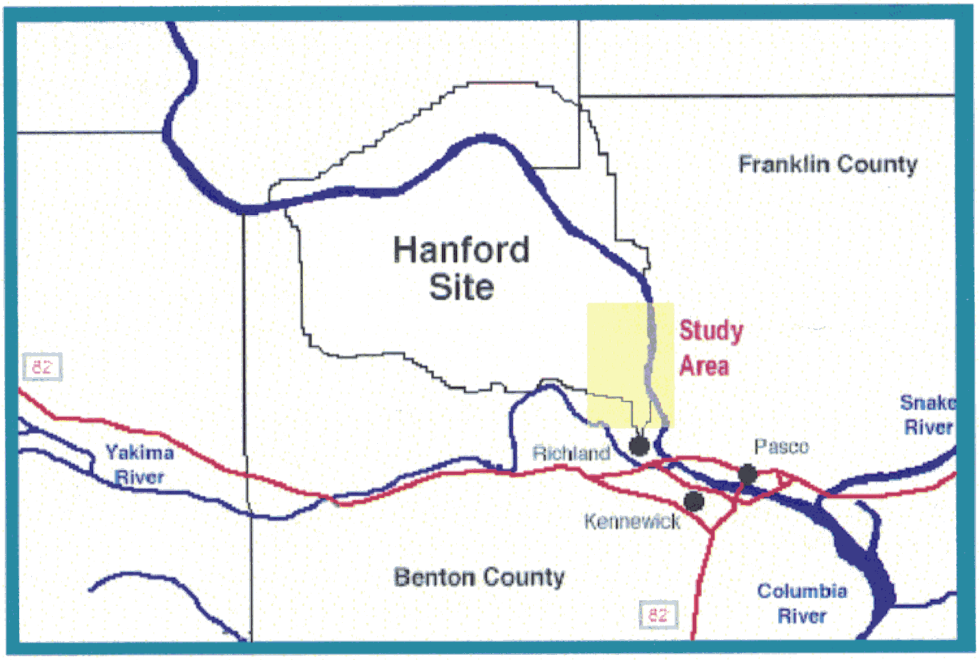
August 1999

Prepared by

HDR

And Associated Firms

State of Washington/Port of Benton Hanford Investment Study



For

Washington State Department of Transportation

Port of Benton

Legislative Transportation Committee

STATE OF WASHINGTON
PORT OF BENTON

HANFORD INVESTMENT STUDY

This Phase Report is one of three produced during the study.

Observations, evaluations and interim determinations of each Phase, as documented in the reports, reflect the status of the study at that time. The completed study findings and conclusions are presented in the *Final Report*.

STATE OF WASHINGTON
PORT OF BENTON

HANFORD INVESTMENT STUDY

PHASE I: PRELIMINARY FEASIBILITY

AUGUST 1999

Prepared by:
HDR Engineering, Inc.
and associated firms

Prepared for:
Washington State Legislative Transportation Committee
Washington State Department of Transportation
Port of Benton

PHASE I: PRELIMINARY FEASIBILITY REPORT

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INTRODUCTION

The purpose of the Phase I: Preliminary Feasibility Report is to provide a summary of the project findings through August 1999. As the project continued, findings and evaluations presented in this document were continuously refined, and may not be indicative of the conclusions reached at the completion of the study. However, this report was incorporated into a final document *Final Report* at the conclusion of the entire study.

BACKGROUND

The State of Washington and Port of Benton have authorized a feasibility study to evaluate development opportunities for land and facilities transferred from the Hanford Reservation. The study is examining whether state and Port investments in the site are warranted. The potential for transportation, industrial, and other economic development opportunities is being evaluated to determine if statewide transportation and economic needs will be met. The study is a joint effort of the Legislative Transportation Committee, Washington State Department of Transportation, Washington State Department of Community, Trade and Economic Development, and Port of Benton.

The study was prompted by the Port of Benson's successful bid to obtain 768 acres of administrative, supply, and maintenance facilities transferred from the Department of Energy to local public ownership. Included in the transfer were 16 miles of a 124-mile federal rail system crossing the reservation, which could have strategic transportation implications for the entire state. The remaining 108 miles of federal rail is being considered for future transfer action along with industrial development lands and facilities from the southeast corner of the Reservation. The feasibility study was commissioned to address any questions of public interest and support as substantial investments; risks and rewards are expected in bringing these development opportunities to reality over the next 20 or more years.

STUDY PROCESS

A substantial portion of the study is devoted to determining the chances of successfully developing and attracting business to the Hanford lands and facilities being transferred. Existing transportation networks and new strategic transportation opportunities, along with complementary development assets, are also a large part of the study. An important aspect of determining the project's feasibility will be understanding the interaction between these transportation and development components. State-wide transportation implications, region-wide economic viability, and Hanford economic development opportunities are common interests of the state and Port that direct this study.

As options for success are identified and justified or discarded through screenings, substantial amounts of development, infrastructure, and market information are being generated for judging market viability, returns on investment, and public benefit. This research is being used to evaluate options for economic success. This information will

also be used to construct a conceptual master plan near the end of the study. The master plan will take the form of a "road map" that sets an action plan for detailed marketing, development, and site planning, if warranted.

The work is being undertaken in four phases. A flow chart of the study process is located in Appendix I. A schedule featuring milestones and deliverables is outlined in Appendix II.

1. **Phase I – Preliminary Feasibility**. This initial phase identified property assets and candidate opportunities; defined feasibility criteria; and initially screened, rated, and ranked opportunities to determine which options and/or initiatives will be studied in detail in Phase II

2. **Phase II – Detailed Feasibility**. This phase will evaluate economic development opportunities that were identified in Phase I. The focus will be on the market viability of specific, or groups of industries and businesses.

3. **Phase III – Coordinated Program Feasibility.** Industries, economic development, and transportation initiatives found to be feasible in Phase II will be coordinated, and evaluated as a total program in this phase.

4. **Phase IV – Master Planning**. This phase will use the development, infrastructure and financial information produced in Phases I through III for preparing a conceptual level Master Plan to guide the nature and timing of the program.

PHASE I OBJECTIVES

The objective of Phase I of the study has been to broadly determine initial feasibility of future economic development on the Hanford Reservation site. Transportation, industrial, and general economic opportunities found to be reasonably viable options, were to be recommended for further analysis in Phase II. Action items within Phase I included:

- Identification and characterization of Hanford and surrounding area assets.
- Development of feasibility criteria.
- Development of industrial and business of transportation candidates.
- Screening of the candidate list in accordance with the feasibility criteria.
- Recommendation of specific or general business that should move forward into Phase II analysis.
- Determination of preliminary project feasibility and recommendation for Phase II study.

STAKEHOLDER ADVISORY COMMITTEE

The study process has included an outreach program to interested and potentially affected private and public entities. The Stakeholder Advisory Committee's role is to provide a forum for the project's numerous stakeholders to keep apprised of the study's progress, develop understanding of key issues and options, and provide information and feedback to the study team and Oversight Panel on issues and options.

Organizations were invited to participate in and provide feedback on study progress from July 1999 to January 2000. Invitations were made to the following groups: all Regional Transportation Planning Organizations (RTPOs); economic development organizations; regional area ports (plus the Port of Seattle and Port of Tacoma); transportation and industry associations (including rail, manufacturing, warehousing and distribution interests); trade associations; public agencies, including local cities and counties.

Recruitment for the Committee will be complete with members of the steamship industry, the U.S. Army, and local Chambers of Commerce. To date, the following organizations have agreed to participate:

◆ City of Pasco ◆ City of Richland ◆ City of Kennewick ◆ City of West Richland ◆ Port of Moses Lake ◆ City of Othello ◆ Quad-County RTPO ◆ Washington Association of Wheat Growers ◆ Benton County ◆ City of Walla Walla ◆ Franklin County ◆ City of Prosser ◆ Port of Tacoma ◆ Benton-Franklin Council of Governments ◆ U.S. Department of Energy ◆ Franklin County ◆ National Institute for Environmental Renewal ◆ City of College Place ◆ City of Connell ◆ Port of Kennewick ◆ Port of Seattle ◆ Pacific Northwest Waterways Association ◆ City of Benton City ◆ Energy Northwest ◆ LRC Northwest ◆ Port of Walla Walla ◆ Union Pacific Railroad ◆ TRIDEC ◆ Richland Chamber of Commerce ◆ Walla Walla County ◆ Tidewater Barge Lines ◆ Benton PUD ◆ Fluor Daniel Hanford ◆ Washington Public Ports Association ◆ Port of Pasco ◆

The Stakeholder Advisory Committee met on July 13 and August 12, 1999. Meeting notes are located in Appendix III. In addition to monthly meetings of the Stakeholder Advisory Committee, monthly briefings about study progress have been forwarded via e-mail to a group of 15 stakeholders. These individuals include Department of Transportation managers, city clerks and administrators in smaller cities throughout the region, and RTPOs outside the immediate proximity of the Tri-Cities area.

At each of the two meetings held to date, stakeholder input has helped shape the focus of the study and define the boundaries of the study area. In addition, members have reinforced the current regional economic development focus. Finally, committee members have relayed community concerns about potential industrial and transportation uses, and additional potential uses that could be considered by the study team.

CHARACTERIZATION OF ASSETS

A primary concern of the team was to narrow the large pool of assets potentially available within the Reservation to facilitate an effective study. Additionally, it is necessary to recognize, but narrow other assets outside the Reservation. At the start of Phase I, assets were generally defined as including:

- Facilities of value within the 560 square miles of the Reservation
- Sites in north Richland already transferred
- Transportation infrastructure on the Reservation and in surrounding areas
- Other surrounding area assets such as the Ports of Pasco, Kennewick, and Moses Lake

To guide the study scope, assets were further categorized and defined as follows:

1. Primary Assets (Hanford Study Area Boundary – 29,196 acres)

   A. Hanford assets already transferred to public ownership (1597 acres). Acreage is divided as follows:

      (1) Technology and Business Campus (Port of Benton – 250 acres)
      (2) Science and Technology Park (City of Richland – 515 acres)
      (3) Richland Industrial Center (Port of Benton – 71 acres)
      (4) Horn Rapids Rail Center (Port of Benton – 760 acres)

B.WNP 1-4 Nuclear Site (Energy Northwest – 1000 acres)
C. Primary Industrial Lands Area (DOE – 5400 acres)
D. Other Vacant Lands (DOE – 21,200 acres)
E. Associated Transportation Infrastructure

      (1) Connecting Rail, Horn Rapids Rail Center to Mainlines (Port of Benton)
      (2) Reservations Rail System (DOE),
      (3) Reservation Highway System (DOE, state and county)

2. Surrounding Assets – Hanford Reservation

   A. Area 300 Industrial Site
   B. South Area 400 Industrial Site
   C. Other Vacant Lands
   D. Future Tourist and Light Recreation Sites

3. Surrounding Assets –Publicly-owned facilitates of Tri-Cities and selected south central Washington including:

A. Industrial sites at Airport (Port of Benton – 120 acres)
B. Big Pasco, River Terminal and Airport Industrial Sites
(Port of Pasco– 750 acres)
C. Twin Tracks, Hover, Hedges, Finley and Oak Street Industrial Sites
(Port of Kennewick– 690 acres)
D. Horn Rapids Industrial Park (City of Richland – 2,274 acres)
C. Port of Moses Lake Industrial/Transportation Sites

Maps of the Hanford assets from the above list are provided in Appendix IV.

FEASIBILITY CRITERIA

Feasibility criteria were developed to evaluate economic development strategies for properties and assets from the Hanford Reservation. The development categories for the criteria are:

- Ability to attract viable industrial development
- Ability to attract organizations involved in the business of providing or supporting transportation
- Considerations for making public improvements or investments

These criteria are intended to provide a relatively objective measure to assist in reaching conclusions about the viability of an economic development strategy. A detailed discussion of the feasibility criteria is located in Technical Memorandum No. 1, Feasibility Criteria (Appendix V).

The sets of feasibility criteria developed, and subsequently approved by the Oversight Panel are summarized below. They have been classified into three economic development strategy categories, and ranked as "preliminarily feasible" or "feasible".

Industrial Development

1. Opportunities for industrial development will be deemed to be ***preliminarily feasible*** if the following conditions are met:

    A. Required land will be available and its cost to the industry will be acceptable.
    B. Required labor will be available and its cost to the industry will be acceptable.
    C. Required raw materials will be accessible for the industry.
    D. Required markets will be accessible for the industry.
    E. Required transportation systems will be available for the industry.
    F. Required business environment will exist for the industry.
    G. Required water and other utilities will be available for the industry.
    H. Desirable quality of life is available for the labor force.
    I. Required returns on site, plant and equipment investments will be met for the industry.
    J. Required public improvements/investments will likely be at a reasonable level.

2. Opportunities for industrial development will be deemed to be ***feasible*** during the detailed phase if the following conditions are met:

    A. Required land, labor, raw materials, markets, transportation systems, business environment, tax and government incentives, water and other utilities, quality of life and returns on site investments are acceptable and will attract the industry with a high degree of certainty.
    B. Required public improvements/investments will preliminarily meet the established public benefit criteria. See section 5, to follow.

Business of Transportation

3. Opportunities for businesses of transportation will be deemed to be ***preliminarily feasible*** if the following conditions are met (as applicable):

    The transportation improvement project will:
    A. Reduce system costs.
    B. Improve system reliability.
    C. Reduce system inventory.
    D. Meet a specific demand.
    E. Meet industrial development criteria 1, A, B, D, F, G, I and J.

4. Opportunities for businesses of transportation will be deemed to be ***feasible*** during the detailed phase if the following conditions are met:

    A. Transportation improvements are found to have a high degree of certainty in lowering system costs, improving system reliability, reducing system inventory, or otherwise meeting a clearly defined demand for the improvements.
    B. Transportation improvements will fully meet appropriate industrial development criteria and will move to implementation with a high degree of certainty.
    C. Required public improvements/investments will preliminarily meet the established public benefit criteria (fatal flaw only). See section 5 following.

Public Improvements/Investments

5. Public improvements and/ or investments will be deemed to be ***feasible*** if the following conditions, defining public benefits, are met:

    A. Required public improvements/investments can be accomplished in a timely manner and with acceptable development costs and risks.
    B. Required public investments will provide the investing public entity with a reasonable direct financial return on investment; i.e., Operating profits and/or tax revenues. (See 5.e. below for alternatives).
    C. Required public capital investments are at acceptable levels and can be reasonably financed.

D. Public entity cash flow requirements can be met with forecasted net revenues.
E. Alternatives to direct financial returns on investment can be forecasted, creating acceptable public benefits to include increased tax base, job creation, public amenities, spin-off development, general economic development, etc at the local, regional, state or higher level.
F. Industry/transportation business recruitment and forecasted direct financial returns and other public benefit present acceptable levels of investment risk.

PRELIMINARY FEASIBILITY FINDINGS

Feasibility criteria were used to evaluate and better define types of industry and business of transportation opportunities that may be viable for the Hanford Reservation. The business of transportation and industrial development categories were evaluated separately. However, as discussed in the Screening Document, some business categories can operate independently, while some potential opportunities may need to be integrated (transportation/ industry). A detailed discussion of the development candidates, initial screenings, ratings and preliminary feasible candidates is located in Appendix VI.

Development Candidates

Development of candidate opportunities for consideration were gathered from the following sources:

- Scoping of the study
- Reviews of previous studies
- Review of economic trends
- Knowledge and experience of the consulting team
- Input from industry representatives, stakeholders and the Oversight Panel

Generally, it was found that the range of opportunities for the **Business of Transportation** was limited and an exhaustive search was unnecessary. Several concepts for using the Hanford transportation assets were already established as focus items in scoping of the study. These included: Intermodal Hub, E-W Rail Route Improvements, National Strategic Freight Corridor, Inland Port Facility for Washington Seaports, and Moses Lake Asset Integration.

Other candidates identified included barge operations, automobile distribution, commodity consolidation, rail equipment repair, air operations center, air freight distribution, regional freight corridor, rail services center, trucking service center, freight tracking center, dispatch and control center and rail equipment/container storage, staging and dispatch center.

The **Industrial Development** team identified 87 business ideas. The business ideas ranged from general types of industry to more specific categories. The ideas were

grouped into their associated two-digit Standard Industrial Classification (SIC) codes. The business ideas and respective SIC codes are located in Appendix VI.

Some of the general category candidates for industrial development include: agriculture, mining, lumber and wood, metals, manufacturing, fabrication, utilities, engineering and research management. Within each of these categories, more specific industry types were evaluated. For example, communication is the general category (SIC) while telecommunication, tracking and navigation systems fall under this category. At different times during the feasibility analysis both the general and specific development opportunities were evaluated.

Initial Screenings

Screening for the **Business of Transportation** consisted principally of eliminating fringe concepts and those that duplicated existing transportation capacity or specifically competed against existing business. For example: the development of sites for Port of Benton Cargo Barge operations was eliminated as unnecessary competition with the Ports of Pasco and Kennewick.

The broadly used term "Intermodal Hub," was not separately screened as a transportation opportunity but its nominal meaning of center for modal changes of freight is included within other alternatives. This term is being further defined in Phase II as it relates to "Intermodal Center" and "Inland Port" and their relationship to population centers.

After the initial screening the following nine business types were evaluated and ranked for the **Business of Transportation** category:

- **Eastern Washington Export Consolidation and Shipment Center**
  A Centralized location for receiving and intermodal transfer of containerized agricultural products for rail movement to Ports of Seattle and Tacoma.

- **Transportation Services Center: Rail Equipment/ Empty Container Center**
  An enroute facility for storing, staging and dispatching railroad double stack rail cars and empty containers for the Ports of Seattle and Tacoma.

- **Transportation Services Center: Rail Servicing**
  An enroute facility for providing rail operations, support services such as fueling, inspection, maintenance, repair, crew rest, crew change, dispatch arrival/departure trackage and temporary train storage and staging.

- **Domestic Automobile Distribution Center**
  A centralized, consolidated regional domestic automobile center for mass receiving by rail, storage, component additions, staging and intermodal transfer to trucking for Pacific Northwest distribution network.

- **Rail Equipment Repair and Rehabilitation Center**
  A center to provide cost-effective repair, rehabilitation and overhaul of locomotives and rail cars and virtually unlimited storage and staging facility for railroad equipment

undergoing those services.

- **Inland Operational Support to Washington Seaports**
  A support center to provide storage, staging and distribution facilities for international container cargoes in direct support of Washington seaports of Seattle and Tacoma.

- **Transportation Services Center, National Strategic Freight Corridor**
  The freight corridor center would provide transportation service center support to highway and rail traffic traversing a potential Federally designated "National Strategic Freight Corridor."

- **East-West Rail Route Improvements**
  The route improvements would provide additional rail capacity, shortened routes, and relief for grade crossing impacts, bypassing of rail congestion areas, improved access and new access to regional centers and space for transportation servicing facilities.

- **Transportation Equipment Control and Tracking Center**
  The center would provide transportation equipment location and control services for a wide spectrum of transportation modes to include trucking, rail, air, barge and ship.

Details of the business descriptions and requirements are summarized in "Fact Sheets" in Appendix VI. These fact sheets were developed to provide a brief overview and define the business under evaluation.

Because of the enormity of the list of potential **Industrial Development** opportunities, the initial screenings were done differently. The initial screening used a three-step process termed Capability Analysis, Preferred Sector Analysis, and Competitive Analysis.

The capability analysis is a comparison of Hanford and surrounding area assets with industry requirements. Components considered in the analysis were based upon the feasibility criteria as needs for: land availability, utilities, transportation, market proximity, raw materials, business climate and quality of life. Eight development opportunities were removed from further consideration as high priority for detailed evaluation: Agriculture, Fish Raising, Food and Kindred Products, Primary Metals (Aluminum Smelter), Refinery, Structural Concrete, Semiconductors and Software.

The preferred industry analysis is a rating of industries for economic performance of factors such as industry size, growth outlook, wage levels, and investment and return. Industry groups at a 2-digit SIC code level were evaluated, since analysis at the level of individual candidates would require more data then readily available. This analysis eliminated agriculture, chemicals, food and kindred products and primary metals smelter from status as high priority for detailed evaluation.

The competitive analysis identified candidate business which would find the area and sites suitable for their needs. At this point some of the more specific business opportunities were re-grouped into larger categories. This was done to prevent the field of potential opportunities from becoming too narrow. The competitive analysis was

based on the following factors: brainpower, existing business concentrations, unique specialized facilities and equipment, cost of living, and transportation opportunities. This third step also utilized a 1996 study by DRI/ McGraw- Hill that grouped businesses based on their competitive strengths.

The remaining development options after the 3-step screening are:

- **Wholesale/Distribution**
  This business would be related to the transportation opportunities described in the Business of Transportation.

- **Miscellaneous Manufacturing**
  This business encompasses a variety of manufacturing facilities that are finding high land costs, wages, and overall cost of living at their Western Washington locations. Sites in Eastern Washington provide an alternative for those businesses considering relocating outside the state.

- **Transportation Equipment**
  This would include services in support of opportunities identified in the Business of Transportation analysis. Rail car and component manufacturing, locomotive rebuilding and testing are just a few of the opportunities.

- **Low Compatibility Uses**
  These are miscellaneous activities that have real or perceived conflicts with surrounding uses and/ or communities.

- **Environmental**
  The environmental industry is comprised of firms that manufacture equipment for the analysis of air, gas, soil and water and provide related environmental services.

- **Energy and Energy Systems**
  This industry is an outgrowth of past and existing activities at the Hanford reservation related to the US Dept. of Energy, Energy Northwest and private contractors.

- **Information/ Communication**
  This business opportunity builds on strong local resources in computer/ information sciences and systems, multimedia services and telecommunications.

- **Advanced Materials**
  This business includes manufacturing and research of metals such as aluminum, titanium, as well as plastics and composites

Details of the business descriptions and requirements are summarized in "Fact Sheets" located in Appendix VI. These fact sheets were developed to provide a brief overview and define the business under evaluation.

Ratings and Rankings

The rating of candidate opportunities for the Business of Transportation and Industrial Development were done differently due to the variance of factors influencing viable solutions. The Business of Transportation analysis did not rate or rank prior to the initial screening. While the Industrial Development analysis used rating and ranking to screen the alternatives into a final listing that could be recommended for Phase II.

The **Business of Transportation** analysis ranked all nine candidates against the Preliminary Feasibility criteria, first without weighting. A second rating and ranking was completed using a weighting factor denoting the importance of each point of criteria. A summary of the rating scores and rank are located in Table 1-1. Appendix VI outlines the detailed matrix for the unweighted and weighted scores.

Table1-1. Business of Transportation

Candidate Scores and Ranking				
CANDIDATES	Score Unweighted	Rank Unweighted	Score Weighted	Rank Weighted
Consolidation & Shipping Center	63	6	203	**6**
Rail Equipment /Container Storage	79	3	268	**4**
Rail Services Center	57	8	195	**7**
Domestic Auto Distribution	86	2	309	**2**
Rail Equip Repair/Rehabilitation	90	1	331	**1**
Inland Support for Ports	66	5	214	**5**
National Freight Corridor	57	7	192	**8**
E-W Rail Route Improvements	50	9	142	**9**
Trans Tracking and Control	85	4	295	**3**

The **Industrial Development** analysis used a rating system to in steps one and two to eliminate the least feasible options. However did not rank the final eight business groupings as all of the development options are recommended to move forward into Phase II analysis.

PHASE I PRELIMINARY FEASIBILITY RECOMMENDATIONS

It is recommended that the Hanford Investment Study move into Phase II, Detailed Feasibility. It has been determined through Phase I, Preliminary Feasibility that there are industrial development and business of transportation opportunities that may provide a basis for sound future investments. The investment return and market viability will be more rigorously analyzed in Phase II of the study.

The following opportunities have been identified as being the focus of more detailed analysis in Phase II:

Business of Transportation

- Eastern Washington Export Consolidation and Shipment Center
- Transportation Services Center: Rail Equipment/ Empty Container Center
- Transportation Services Center: Rail Servicing
- Domestic Automobile Distribution Center
- Rail Equipment Repair and Rehabilitation Center
- Inland Operational Support to Washington Seaports
- Transportation Services Center, National Strategic Freight Corridor
- East-West Rail Route Improvements
- Transportation Equipment Control and Tracking Center

Industrial Development

- Wholesale/Distribution
- Miscellaneous Manufacturing
- Transportation Equipment
- Low Compatibility Uses
- Environmental
- Energy and Energy Systems
- Information/ Communication
- Advanced Materials

Appendix I - Processes Flow Diagram

Diagram: Phases I and II

Diagram: Phases III and IV

Appendix II - Study Schedule

Schedule:
State of Washington/Port of Benton
Hanford Investment Study

ID	Task Name
1	Phase I Preliminary Feasibility
2	Phase II Detailed Feasibility
3	Phase III Program Feasibility
4	Phase IV Master Planning
5	Oversight Panel Meetings
14	Kickoff Stakeholder Advisory Committee
15	Followup Stakeholder Advisory Committee
21	Deliverables- Feasibility Criteria Memo
22	Deliverables- Fact Sheets, Preliminary Ranking Matrix
23	Oversight Panel Decision- Most Promising Opportunities
24	Preliminary Feasibility Report
25	Phase II- Industrial Input and Advice
26	Phase II- Transportation Interests Input and Advice
27	Legislative Site Tour
28	Legislative Site Tour Alternate Date
29	Deliverables- Special Trans Report, Pro-formas, Rankings
30	Oversight Panel Decision- Detailed Opportunities
31	Detailed Feasibility Report
32	Phase III- Industrial Input and Advice
33	Phase III- Transportation Interests Input and Advice
34	Deliverables- Coordinated Development Plan, Feasibility Profile, Final Findings and Recommendations
35	Oversight Panel Decision- Program Feasibility, Final Findings and Recommendations
36	Program Feasibility Report
37	Deliverables-Master Plan Package, Final Report
38	Oversight Panel Decision- Accept Final Report

Appendix III - Stakeholder Advisory Committee Meeting Summaries

July 13, 1999

August 12, 1999

State of Washington/Port of Benton Hanford Investment Study
Stakeholder Advisory Committee Meeting #1
July 13, 1999
Meeting Summary

Members Attending	
Bob Alberts, City of Pasco	Roy Keck, Energy Northwest
Nancy Aldrich, City of West Richland	Roy Korkalo, LRC Northwest
Curt Andrews, Quad-County RTPO	Carl Long, Union Pacific Railroad
Al Anderson, Port of Moses Lake	Bill Martin, TRIDEC
Ben Bennett, Port of Benton*	Peter McMillin, Washington State DCTED*
Leo Bowman, Benton County	James Mecca, U.S. Department of Energy
Ken Carter, City of Prosser	Jerry Schneider, Fluor Daniel Hanford
Kevin Daly, Benton-Franklin Council of Governments	Bob Stewart, U.S. Department of Energy
Dave Evans, U.S. Department of Energy	Troy Suing, Washington State DOT
Tim Fife, Franklin County	Art Tackett, City of Connell
Phil Gallagher, National Institute for Environmental Renewal	Scott Taylor, Washington Public Ports Association
John Givens, Port of Kennewick	Jim Toomey, Port of Pasco
Alan Harger, Washington State DOT*	Van Voorhies, City of College Place
	(* = member of Project Oversight Panel)
Consulting Team	
John Terpstra, HDR Engineering	Sorin Garber, HDR Engineering
Bonnie Berk, Berk & Associates	Marty Wine, Berk & Associates
Greg Easton, Property Counselors	Bob Yakas, W & H Pacific

Introduction and Overview

The meeting opened at 9:30 with introductions. J. Terpstra did a brief overview of the study and reviewed the study scope, schedule and phases. The study is designed to be a rigorous, objective analysis of the question, "is it in the best interest of the State of Washington and the Port of Benton to make further investments in the Hanford properties transferred to the Port of Benton?" The study will assess transportation and industrial development market opportunities and requirements, and establish feasibility criteria to measure potential investment levels. The study is guided by an Oversight Panel made up of members from the Washington State Department of Transportation, Washington State House and Senate Transportation Committees, Port of Benton, and Washington State Department of Community, Trade and Economic Development. J. Terpstra referred to a map of the Hanford Reservation, noting that the potential for 10,000 acres of development existed within the proposed study boundary.

B. Berk reviewed the meeting schedule and committee roster and asked for corrections to be forwarded to Marty Wine**.** The Committee is scheduled to meet on August 12,

September 8, October 20, December 10, and January 21, with meeting locations rotating to accommodate members who may need to travel.

Asset Identification and Characterization

B. Yakas presented an overview of how assets on the properties would be characterized. The methodology entails reviewing the area from a potential user's standpoint. As the study team looks at candidate buildings and sites, they will ask the questions, "What will it take to develop this area? What is the condition of the site? What are the land use requirements and capacity of infrastructure including railroad and roadways?" This task is intended to be very specific and focus on a range of activities and reasonable questions any business would ask in making a location decision, such as parking, truck and rail access.

The group discussed the potential study area and how the proposed study boundaries were decided. The proposed boundaries were initially drafted by the project manager. An effort was made in defining the study boundaries initially to approximate the U.S. Department of Energy's EIS study boundary. B. Bennett noted that all of the 10,000 acres were not to be transferred to the Port of Benton. The Committee advised that the first question was to ask how much acreage is needed, and then consider what available land to include in the study boundaries. Potential uses of the "300 area" are being handled by U.S. DOE and TRTDEC using a special approach and it was therefore excluded from the Study area. J. Terpstra asked for further input from the Committee on the study boundaries. A discussion of water rights followed as a potential area of participation from the public sector. J. Mecca noted that some of the key assets of the Hanford facilities include the water intakes and pumphouses. A significant institutional investment has been, and will be, required from any investor. A question arose as to whether the water rights that exist there for two nuclear power plants could be "shifted" to other uses.

J. Terpstra further noted that if opportunities or potential investments are found, it could mean growth and investment required on the part of public agencies in the area, in addition to any industrial development that occurred.

The Committee recommended to the study team that the study boundaries be amended to be consistent with the current EIS underway by the U.S. DOE. J. Terpstra agreed to ask this of the Oversight Panel during the afternoon meeting, and to contact Tom Ferns, U.S. DOE Project Specialist, to confer about the study boundary and ensure it is consistent.

The group further discussed the fundamental assumption that land would be transferred, rather than leased. This might be a different model than previously considered by the study team. B. Martin referenced a study which TRIDEC has conducted, to discover which businesses might locate on leased land. G. Easton noted that many firms like to own their facilities. The study team agreed to look into this issue further. J. Terpstra noted that many ports in the region have developable land, and that this study is not designed to create competition among them. He invited the Committee to give input to

the study team regarding governance, if feasibility for a development candidate is found, and suggested that regional cooperation may aid in fostering development. L. Bowman urged the study team to consult the land use plans of the two tribes, Benton County, and U.S. DOE as the review progressed.

Strategic Transportation Issues

J. Terpstra made a presentation about how transportation issues fit into the study. Eighty percent of Pacific Rim imports and exports entering or leaving the entire U.S. come through West Coast ports. These cargo flows do not automatically create development opportunities for Hanford area, but some candidate uses may create the need for transportation infrastructure depending on which industries end up as the focus of the study. He characterized the possible transportation linkages for the study in two different ways: first, those that help transportation linkages within the transportation industry, including the interests of the coastal Ports of Tacoma and Seattle, and the interests of agriculture, the "business of transportation"; and second, those that generally enhance transportation infrastructure throughout the state without targeting specific business-driven needs. An example of the former might include adding capacity to an existing rail line and for the latter the addition of a new E_W rail route. The team has identified potential business of transportation candidates that include an "intermodal hub" for rail operations or an "inland port" concept. In addition, the potential for an air freight connection through Port of Moses Lake is to be evaluated.

The Committee reviewed the maps in the meeting packet, noting the existing Union Pacific and Burlington Northern rail lines and explaining their development over time. J. Terpstra and others noted that there may be potential value on a statewide basis in the development of these lines, although this would be principally driven by the choice of the private rail companies. C. Long identified the Ellensburg-to-Lind connection as entirely a Burlington Northern rail question, not Union Pacific.

B. Albert asked that the study team consider capacities that run through Stampede Pass now, and other members noted that Amtrak may have an interest in potential changes to cross-state rail routes.

Some members of the Committee noted that any rail link to the study area would require strategic links in order to get from the west side of the Columbia River to the Port of Pasco and the BNSF Pasco Yard. A previous plan for a bridge had included an attached rail bridge, and the study team will continue to look into this possibility. It was noted that the Reservation rail could take the form of a "long spur" into industrial sites or a "through track," with its extension and both will be studied. The study team intends to conduct interviews seek industry input to determine the potential rail impacts and needs of candidate uses.

N. Aldrich requested that truck and barge traffic impacts be considered as well. B. Alberts also suggested that a member of a recreation organization be appointed to the Stakeholder Advisory Committee, as Tri-Cities residents have a close connection to the

River, and expect to know about potential impacts. This is especially true for the Richland reach of the Columbia.

Discussion of rail possibilities continued. Most industries would need to have reasonable access to a main line, making a connection with Pasco Yard acceptable as is connections with the UP in Kennewick. But is it valuable to have industrial facilities right adjacent to a main line? C. Long noted that in UP's experience, it is harder and harder to get off the main line, and most rail companies are less inclined to support branch lines and provide switching for industries, which is also costly for industry. Further, most industries don't have high volume demand for rail, making the Reservation through-rail connection more attractive as a main-line which could include a through-rail-handling hub if in demand.

B. Albert asked the Committee to also consider passenger rail opportunities. While this is difficult because many passenger rail operations are subsidized, J. Terpstra agreed to consider it.

Industrial Development Opportunities

G. Easton reviewed potential candidate uses for the site that the team has identified to date. The team's identified list currently contains over 100 potential uses, as outlined in summary form in the materials in the meeting packet. As a first step, the study team reviewed previous studies, including studies for the Tri-Cities region and statewide studies, and will next review economic development trends for the state, region, nation and worldwide. In addition, he reviewed the categories of potential uses by sector, including food processing; chemicals; primary metals; transportation equipment; transportation service; communications; utilities; and research and development. The team will consider specific industrial needs, such as the need for a large site, those industries interested in expanding or relocating from Western Washington, and the availability of transportation resources or using advanced materials. Finally, the study team will look at specific issues that should be examined, including the availability of water, the perception regarding contamination, the impact of the distance of the area from metropolitan areas, and regional policy issues surrounding salmon, dams and power.

Members of the Committee suggested several dimensions to the list of potential uses that the study team could pursue, including the use of the site by education and training organizations (either a university or other educational institution). The study team will consider the location decisions of firms that are already here, and also review studies done throughout the country (Columbus, Ohio and Alliance Texas were mentioned). L. Bowman suggested that the study team make use of the current city partnerships in international communities. G. Easton noted that industrial development efforts might have a dual focus: 1) keep existing businesses from leaving; and 2) attract new businesses. The Committee suggested that the Ports and TRIDEC have conducted many studies and these should all be considered, in addition to checking with Battelle and Fluor Daniel's Economic Development offices to ensure a thorough review of prior efforts. At the next meeting, the study team will present the current list of identified potential uses to

the Stakeholder Advisory Committee for input. In addition, Committee members are encouraged to contact Greg Easton by August 5 ,1999 to ensure he has all the potential ideas and studies which Committee members feel are important.

Development of Preliminary Feasibility Criteria

S. Garber then presented the study team's work to date to develop criteria to determine which potential uses would be considered in-depth. The concept of developing criteria is to identify an early "screen" that is as objective as possible. The criteria will also help in determining if a successful program of development is possible, reasonable and/or likely. He characterized the approach as "classical," intended to address three dimensions of uses: industrial development, the "business of transportation," strategic transportation linkages, and public improvements and investments. Within each category, the following criteria will be used:

- Industrial Development: The availability and cost of land, labor and raw materials; the availability of transportation systems and the overall business environment; the availability of water and utilities; quality of life issues; and what is the threshold return on investment that would be needed.
- The Business of Transportation: What will reduce system costs or improve system reliability; what will reduce system inventory or meet specific transportation demands met by use of the site.
- Public Improvements and Investments: Can the project be accomplished in a timely way, with acceptable costs and risks; make reasonable public returns on investment (i.e. impacts on tax revenue); what are indirect benefits to the public sector.

S. Garber further noted that the criteria may change as more is learned about candidate uses, and the team needs to be careful in its application. Committee members were asked to comment and offer ideas about this criteria by the next meeting.

Closing Comments and Next Meeting

J. Terpstra closed the meeting by outlining the study team's next steps, including conducting further interviews, refining the candidate list and receiving input from the Committee on possible candidates.

The Committee had final overall comments about the progress at this meeting and possible future issues. V. Voorhies noted that many regional players may not know the specific assets of the Reservation, and it may be helpful to distinguish the lands and facilities so that all Stakeholder Advisory Committee members are aware of what an "asset" is. B. Bennett noted that the facilities are really the major asset (not the land), and that U.S. DOE is faced with tearing out the facilities if they are not further developed.

B. Albert queried the study team about contamination, which could be a key factor that all actors should be aware of at the beginning of the study. J. Mecca and B. Edwards said that some tritium contamination existed in the ground water as a plume that includes

some of the designated study area, and J. Terpstra notified the group that a brief environmental review would take place as part of the feasibility test to identify fatal flaws (including contamination). J. Mecca further noted that large volumes of water supply potential and water rights could continue to be a difficult issue on the one hand, but a marketing feature on the other. The agricultural industry and farming communities might be opposed to additional industrial uses of water in the region and should be represented on the Committee. N. Aldrich followed on this comment by noting that power rates and potential breaching of dams will also be a potential issue if water is a central focus of any candidate use.

The meeting closed at 12:05 p.m. The next meeting is scheduled for Thursday, August 12, 1999, from 9:30 a.m. to noon at the Port of Benton. M. Wine of Berk & Associates will notify the Committee of this meeting and subsequent meeting locations.

State of Washington/Port of Benton Hanford Investment Study
Stakeholder Advisory Committee Meeting #2
August 12, 1999
Meeting Summary

Members Attending	
Bob Alberts, City of Pasco	Roy Keck, Energy Northwest
Curt Andrews, Quad-County RTPO	Charles Kilbury, City of Pasco
Ben Bennett, Port of Benton*	Mark Kushner, Benton-Franklin Council of Governments
Doug Bragg, Fluor Daniel Hanford	Earl Lloyd, Fluor Daniel Northwest
Roy Cross, City of Kennewick	Peter McMillin, Washington State DCTED*
Ken Carter, City of Prosser	Carol Moser, City of Richland
Jeff Doyle, House Transportation Committee*	Jim Sanders, Benton PUD
Phil Gallagher, National Institute for Environmental Renewal	Jerry Schneider, Fluor Daniel Hanford
John Haakenson for Roy Korkalo, LRC Northwest	Bob Stewart, U.S. Department of Energy
Alan Harger, Washington State DOT	Art Tackett, City of Connell
Dan James, Pacific Northwest Waterways Association	Van Voorhies, City of College Place

(* = member of Project Oversight Panel)

Consulting Team	
John Terpstra, HDR Engineering	Roger Johnson, HDR Engineering
Dave Eacret, Real Estate Economics	Marty Wine, Berk & Associates
Greg Easton, Property Counselors	

The meeting opened at 9:40 a.m. with introductions and an overview of the study and the meeting agenda. The study is designed to analyze the question, "is it in the best interest of the State of Washington and/or the Port of Benton to further invest in excess Hanford properties?"

Overview of Project Status

J. Terpstra discussed the study scope briefly and M. Wine asked members to forward any revisions to the latest draft roster to her. John then updated the Committee on project status. The consultant team is completing Phase I, preliminary feasibility, with the presentation of eight industrial development options and nine business of transportation options to be presented to the Stakeholder Advisory Committee and Oversight Panel today. The consultant team is recommending that these 17 options be advanced to Phase II for a more detailed feasibility analysis.

Since the last meeting in July; the study team has worked to complete the asset inventory and fully define the study area; the feasibility criteria has been finalized and approved by

the Oversight Panel; the team has brainstormed nearly a hundred ideas for industrial development opportunities, and screened, rated and ranked them according to the feasibility criteria. As was noted in July, B. Alberts and J. Terpstra pointed out that the study is not designed to develop opportunities for competing with neighbor ports. Regarding the feasibility criteria, John presented the three dimensions for which the criteria will be used: industrial development, business of transportation, and public improvements and investments. Copies of Technical Memorandum #1, Feasibility Criteria were provided to the group.

Asset Identification and Characterization – Update

John then reviewed the status of asset identification and the study boundary. Since the July meeting, the study boundaries have been revised, with the approval of the Oversight Panel, to coincide with the boundaries of the preferred alternative of the federal EIS for the Reservation. This new boundary for the purpose of industrial site planning is substantially the same as that shown on July 13. The area continues to include the WNP 1-4 site for Energy Northwest and areas primarily void of contamination or other environmental issues.

The study boundary established encompasses approximately 32,000 acres of land. The exact land amount cannot yet be accurately measured because mapping efforts are not yet complete. John led a discussion of the site characteristics. A "notch" of land on the northeast corner has been excluded from the study area because of potential sensitive areas on the site, which will be further researched. In addition, water rights pose significant questions for these properties. In many cases, the rest of the site will have value only if water rights can be obtained. The extreme south end of the study area is served by Richland City Water, and Energy Northwest has water rights on their current site, which may be used if they are legally transferable to another use.

The Port of Benton has the Technology and Business Campus, Richland Industrial Center, Horn Rapids Rail Center and nine miles of connecting railroad to the south, which have all been catalogued as part of asset identification. The rail line has possible connections northwestward with the Old Milwaukee line, which will be explored further as part of "business of transportation" options. If the rail line is not transferred, a chance exists that the U.S. Department of Energy could remove the rail line. The team will focus on opportunities for growth on the Hanford site, but relating those uses to work anywhere in the South Central Washington region is a part of the economic evaluation. The focus on the study site will be for industrial or transportation businesses and include businesses that have a special requirement for large acreage or large buffer zones.

The Committee discussed, following a question from B. Alberts, whether existing buildings and sites throughout the Tri-Cities area should be reviewed or just available land and facilities on Hanford (the approximately 32,000 acres referenced earlier). John said that both land and facilities on Hanford will be studied as a primary focus but surrounding areas would be part of evaluating a coordinated program of development in Phase III of the study. The team will carefully consider how the feasible uses could

alternatively be sited on surrounding asset areas at that time. Thus, choice in use of assets would need to fit within the context of a coordinated program that would consider the best interests of the State and Region. G. Easton pointed out that development of bare land could require a significant investment compared to the development of existing facilities, thus making use of existing assets more feasible. John also reminded the Committee that the team is aware of Fluor Daniel Hanford's study of developable land on the Reservation which found that a great deal (9,000 acres) of land is available outside of Hanford. It was also noted that available land and adjacent rail corridors alone are not necessarily economic development opportunities by virtue of their existence.

J. Schneider also pointed out Energy Northwest Plants 1 & 4, which is being considered for transfer to a local public entity and Plant 2, which will be retained as an operating nuclear power plant. B. Alberts asked whether a master plan would include any residential development since the study site was so large. John responded that the study area was designated large only for picking the best industrial sites within the area. The team envisioned only a few thousand acres could be developed and would not include residential development.

B. Stewart asked whether agricultural applications would be considered for the site. G. Easton related that potential agriculture uses had been reviewed, was not a priority use, even as a temporary use of land. B. Bennett and J. Terpstra confirmed that although locally, the fears about contamination have been replaced with facts that have dispelled myths, statewide and nationwide, some concerns still exist. Thus, the agriculture community has not wanted to use this site due to the image of contamination that may affect marketability of surrounding agricultural sites.

The Committee also discussed concerns about water supply and water rights. Most industries would need a water supply to site their business within the study area, and the four cities in the region are currently engaged in extensive negotiations with the State of Washington over water rights issues. John offered that if a viable need and a feasible use is shown as a result of this study, the State of Washington might consider the award of water rights as a legitimate required public investment, but that would depend on the use of the facilities and land. D. James reminded the group that at the state and national levels, "required business environment" for a business to site would require compliance with regulations from the National Marine Fisheries Service (NMFS) relating to water rights and usage. That agency's policy has been to ensure "no net loss" within the basin when granting new water rights. Others noted that regionally, the NMFS and Bureau of Reclamation had made clear their opposition to the transfer of any new water from the Columbia River. C. Moser stated that any industrial development process will have a fish element, and fish impacts from any option will have to be mitigated and clearly shown to be in the public's best interest.

Strategic Transportation Issues

J. Terpstra presented the team's process to review issues and opportunities relating to transportation. Our approach originally included two components for addressing

transportation-related development in the study area: first, development that supports the "business of transportation" (for example, the business of moving commodities); second were more strategic issues which enhance regional, statewide or interstate transportation infrastructure. The infrastructure-related options reviewed included the concepts of an inland port/intermodal center; strategic freight corridor; national strategic east-west or northwest-southwest trade corridor; options that reduce truck traffic, and options that reduce rail impacts. The "business of transportation" candidates that were reviewed includes: intermodal hub operations; grain or other agricultural transload; barge cargo operations; trucking transfer and storage; air-freight connections through Moses Lake; a rail center for a host of rail industry support; and rail or trucking facilities that meet transportation feasibility criteria. During the analysis it was determined that separating the two components, strategic transportation issues and the business of transportation was not necessary. Both could be addressed as relating to a business of transportation. Using the feasibility criteria, these options have been narrowed to the following final candidates to advance to Phase II: an Eastern Washington agricultural export consolidation and shipment center; a transportation services center for rail equipment and empty containers; a transportation services center for rail servicing; a domestic automobile distribution center; a rail equipment and rehabilitation center; inland operational support to Washington's seaports; servicing center for a national strategic trade corridor; East-West Rail Route Improvements; and an equipment control and tracking center.

The Committee discussed the current BNSF intermodal freight network nodes, Seattle, Tacoma, Portland and Spokane. Currently all rail shipments from the Tri-Cities must be transferred by local trains or trucks to Spokane before moving eastbound to the midwest or west to Washington Seaports, adding 2-3 days to the trip if transferred by rail. The team will evaluate whether an intermodal net node could be returned to the Tri-Cities in the future. Other discussion included that the same consideration be given to Moses Lake as the Tri-Cities in considering inland support for the State's seaports, which the study team agrees will be addressed as one of the questions in implementing east-west rail route improvements.

Industrial Development Opportunities

G. Easton and D. Eacret presented the process and conclusions reached in screening candidates for industrial development opportunities within the study area. There were four areas from which ideas were drawn: team brainstorming; field interviews in the Tri-Cities, the review of previous studies and documents, and the review of regional economic development trends.

A three-step process was used to evaluate potential candidates. First, industry capability or potential "matches" between business requirements and potential sites were made. Then, a preferred industry rating was given based on the economic performance of the industry being screened. Finally, each candidate was reviewed for competitive strengths and weaknesses.

D. Eacret identified several area and site strengths in the Tri-Cities area, including educational level as a particular capability within the labor force that gives the area a major comparative advantage; existing business concentrations, unique facilities, equipment and extensive land supply. In addition, the receptiveness of the area to invite new businesses to the region is a plus. Area weaknesses include location, a comparatively small population base, and existing perceptions about the nuclear industry. Greg and Dave listed those industries not considered as the highest priority for further analysis as a result of the first screen. They include agriculture and fish raising; food and kindred products; primary metals (smelters); refineries; structural concrete; semiconductors; and software. During the preferred sector analysis, Dave and Greg examined industry size, industry growth outlook, average wage, capital intensity, and return on equity. Those sectors not considered as the highest priority for analysis in Phase II based on the second screen included agriculture; chemicals; food and kindred products; and primary metals (smelters). The final screen, a competitiveness analysis, considered six sectors: agriculture and food processing; energy and energy systems; environmental sector; advanced materials; information and communications; and medical technology. During the final screen, agriculture/food processing and medical technology were not considered as the highest priority for further analysis.

Thus, it is the team's recommendation that the following sectors be advanced to Phase II for Detailed Feasibility Analysis: energy and energy systems; environmental; advanced materials; information and communications; wholesale and distribution; manufacturing (expanding or relocating from Western Washington rather than leaving the state); transportation equipment and services; and low compatibility uses (such as solid waste storage from other jurisdictions).

The Committee queried the team about those sectors not considered as the highest priority for further analysis. In particular, the elimination of medical technology was of serious concern, since the Tri-Cities are already making an all out effort to promote the fast flux test facility (FFTF) reactor for developing radioisotope technology. This is possibly one of the most advanced aspects of medical technology and most public officials in the region are very supportive of the concept. Greg and Dave agreed that the team had not intended to exclude FFTF technology specifically, but that health and hospital centers in general were not areas of high growth as seen for emphasis in Phase II. General medical technology was the meaning of "medical technology" Being used for this screening. B. Stewart noted that this is a niche in the medical market that has been under-emphasized prior to now, and should be recognized in the final report. The team agreed to consider this further and make sure that the potential value of the FFTF potential is not undermined in any way.

The Committee was also concerned about the apparent exception of primary metals and semiconductors from more detailed evaluation. Greg said that most primary metals processing was included in the category "advanced materials," and that semiconductors required processing with large amounts of water – this industry has not been very competitive in the Northwest, and many firms have left. The Committee also expressed concern that businesses from the prior diversification study were exceptions (specifically,

agriculture and medical technology). B. Stewart asked whether relative wage cost was an issue, and whether recreational vehicle (RV) manufacturing was explored, which he cited as a rapidly growing industry. G. Easton responded that relative wage cost was one of several issues of note in their review, and that the RV and trailer industry had been contacted and the analysis of that industry would advance to Phase II as part of the transportation industry.

Summary of Discussion and Identification of Next Steps

J. Terpstra closed the meeting at noon by summarizing the team's next steps. The Oversight Panel would hear the same presentation in the afternoon, with the Phase I (preliminary feasibility) report due by August 26. This report would document all work to date, including the analysis proposed for Phase II. He reminded the committee that the study was a planning study, and not designed to recruit specific industries, and encouraged all members with ideas between now and the next meeting to contact him. The next meeting is scheduled for Wednesday, September 8, 1999 at Columbia Basin College Workforce Training Center, 2600 North 20th Avenue, Rooms 180-A and F, Pasco, from 9:30 a.m. to 12:00 p.m.

Appendix IV - Asset Characterization Maps

Area Map: Hanford

Area Map: Site Asset Characterization

Appendix V - Technical Memorandum No. 1 Feasibility Criteria

Technical Memorandum

STATE OF WASHINGTON/PORT OF BENTON HANFORD INVESTMENT STUDY

Technical Memorandum No. 1
Feasibility Criteria

This technical memorandum identifies a set of preliminary criteria that the HDR team intends to use in evaluating economic development strategies that will be considered for properties and assets provided to the Port of Benton from the Hanford Reservation. These criteria are specific to the evaluation of three subject areas: ability to attract viable industrial development; ability to attract organizations involved in the business of providing or supporting transportation; and considerations for making public improvements or investments.

The establishment of criteria to determine "feasibility" is helpful because it allows for fair, realistic and relatively objective measures to assist in reaching conclusions about the viability of an economic development strategy. Without evaluation criteria, the analysis could be dependent on more subjective measures, short-term events, or different interpretations of the definition of "feasibility."

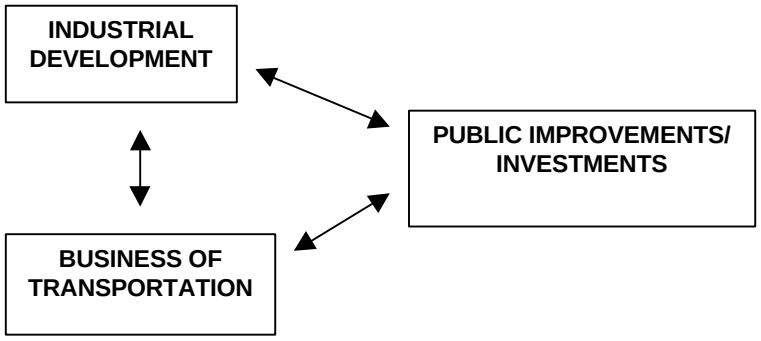
As the study progresses, the criteria may be modified or new criteria may be established. In addition, the criteria need to be applied judiciously with an appreciation of the advantages, disadvantages, and interrelationships of all of the potential economic development strategies. In other words, a candidate strategy may not be dismissed if it does not meet the criteria that are initially applied to it because that candidate strategy may support another candidate strategy with a higher degree of feasibility.

The objective of the overall study is to determine if a successful program of development using the available Hanford Reservation lands and other assets is "possible, reasonable and/or likely". Moreover, the feasibility study will focus on determining whether or not such development and potential public investment would be in the best interests of the State of Washington and/or the Port of Benton, and whether or not the program is "achievable, attainable, practicable, practical and/or workable"

Background

The intent of the State of Washington/Port of Benton Hanford Investment Study is to consider the viability of various economic development scenarios and/or projects, and the potential for these strategies to attract both private and public investment to the properties that the Port of Benton will be receiving from the Hanford Reservation. The sequential steps in this analysis will lead to assessments of these various strategies, and a determination as to whether a coordinated program of development is feasible or not.

The initial steps of this analysis will involve evaluations of three economic development strategy categories: Industrial Development; Business of Transportation Improvements; and Public Improvements/Investments. These three areas will be analyzed regularly throughout the study's three evaluation phases (preliminary feasibility; detailed feasibility and coordinated program feasibility):



Feasibility Criteria

The following sets of feasibility criteria have been established for consideration of the Oversight Panel. They have been classified by the three economic development strategy categories, and ranked as to whether they are "preliminarily feasible" or "feasible".

1. **Industrial Development** opportunities will be deemed to be preliminarily feasible if the following conditions are met:

    a. Required land will be available and its cost to the industry will be acceptable.
    b. Required labor will be available and its cost to the industry will be acceptable.
    c. Required raw materials will be accessible for the industry.
    d. Required markets will be accessible for the industry.
    e. Required transportation systems will be available for the industry.
    f. Required business environment will exist for the industry.
    g. Required water and other utilities will be available for the industry.
    h. Desirable quality of life is available for the labor force.

i. Required returns on site, plant and equipment investments will be met for the industry.
j. Required public improvements/investments will likely be at a reasonable level.

2. **Industrial Development** opportunity will be deemed to be feasible during the detailed phase if the following conditions are met:

    a. Required land, labor, raw materials, markets, transportation systems, business environment, tax and government incentives, water and other utilities, quality of life and returns on site investments are acceptable and will attract the industry with a high degree of certainty.
    b. Required public improvements/investments will preliminarily meet the established public benefit criteria. See section 5, to follow.

3. **Business of Transportation** opportunity will be deemed to be preliminarily feasible if the following conditions are met (as applicable):

    a. The transportation improvement will reduce system costs.
    b. The transportation improvement will improve system reliability.
    c. The transportation improvement will reduce system inventory.
    d. The transportation improvement will meet a specific demand.
    e. The transportation improvement project will meet industrial development criteria 1, a, b, d, f, g, i and j.

4. **Business of Transportation** opportunity will be deemed to be feasible during the detailed phase if the following conditions are met:

    a. Transportation improvements are found to have a high degree of certainty in lowering system costs, improving system reliability, reducing system inventory, or otherwise meeting a clearly defined demand for the improvements.
    b. Transportation improvements will fully meet appropriate industrial development criteria and will move to implementation with a high degree of certainty.
    c. Required public improvements/investments will preliminarily meet the established public benefit criteria. See section 5 following.

5. **Public Improvements/Investments** will be deemed to be feasible if the following conditions, defining public benefits, are met:

    a. Required public improvements/investments can be accomplished in a timely manner and with acceptable development costs and risks.
    b. Required public investments will provide the investing public entity with a reasonable direct financial return on investment; i.e., operating profits and/or tax revenues. (See 5.e. below for alternatives).

c. Required public capital investments are at acceptable levels and can be reasonably financed.
d. Public entity cash flow requirements can be met with forecasted net revenues.
e. Alternatives to direct financial returns on investment can be forecasted, creating acceptable public benefits to include increased tax base, job creation, public amenities, spin-off development, general economic development, etc at the local, regional, state or higher level.
f. Industry/transportation business recruitment and forecasted direct financial returns and other public benefit present acceptable levels of investment risk.

Appendix VI - Screening Document